

76-6a-1. Short title.

This act shall be known and may be cited as the "Pyramid Scheme Act."

Enacted by Chapter 89, 1983 General Session

76-6a-2. Definitions.

As used in this chapter:

(1) (a) "Compensation" means money, money bonuses, overrides, prizes, or other real or personal property, tangible or intangible.

(b) "Compensation" does not include payment based on the sale of goods or services to anyone purchasing the goods or services for actual personal use or consumption.

(2) "Consideration" does not include payment for sales demonstration equipment and materials furnished at cost for use in making sales and not for resale, or time or effort spent in selling or recruiting activities.

(3) "Person" includes a business trust, estate, trust, joint venture, or any other legal or commercial entity.

(4) "Pyramid scheme" means any sales device or plan under which a person gives consideration to another person in exchange for compensation or the right to receive compensation which is derived primarily from the introduction of other persons into the sales device or plan rather than from the sale of goods, services, or other property.

Amended by Chapter 247, 2006 General Session

76-6a-3. Schemes prohibited -- Violation as deceptive consumer sales practice -- Prosecution of civil violations.

(1) A person may not participate in, organize, establish, promote, or administer any pyramid scheme.

(2) A criminal conviction under this chapter is prima facie evidence of a violation of Section 13-11-4, the Utah Consumer Sales Practices Act.

(3) Any violation of this chapter constitutes a violation of Section 13-11-4, the Utah Consumer Sales Practices Act.

(4) All civil violations of this chapter shall be investigated and prosecuted as prescribed by the Utah Consumer Sales Practices Act.

Amended by Chapter 247, 2006 General Session

76-6a-4. Operation as felony -- Participation as misdemeanor -- Investigation -- Prosecution.

(1) Any person who knowingly organizes, establishes, promotes, or administers a pyramid scheme is guilty of a third degree felony.

(2) Any person who participates in a pyramid scheme only by receiving compensation for the introduction of other persons into the pyramid scheme rather than from the sale of goods, services, or other property is guilty of a class B misdemeanor.

(3) The appropriate county attorney or district attorney has primary responsibility for investigating and prosecuting criminal violations of this chapter.

Amended by Chapter 247, 2006 General Session

76-6a-5. Plan provisions not constituting defenses.

It is not a defense to an action brought under this chapter if:

- (1) The sales device or plan limits the number of persons who may be introduced into it;
- (2) The sales device or plan includes additional conditions affecting eligibility for introduction into it or when compensation is received from it; or
- (3) A person receives property or services in addition to the compensation or right to receive compensation in connection with a pyramid scheme.

Enacted by Chapter 89, 1983 General Session

76-6a-6. Rights of persons giving consideration in scheme.

(1) Any person giving consideration in connection with a pyramid scheme may, notwithstanding any agreement to the contrary, declare his giving of consideration and the related sale or contract for sale void, and may bring a court action to recover the consideration. In the action, the court shall, in addition to any judgment awarded to the plaintiff, require the defendant to pay to the plaintiff interest as provided in Section 15-1-4, reasonable attorneys' fees, and the costs of the action reduced by any compensation paid by the defendant to the plaintiff in connection with the pyramid scheme.

(2) The rights, remedies, and penalties provided in this chapter are independent of and supplemental to each other and to any other right, remedy or penalty available in law or equity. Nothing contained in this chapter shall be construed to diminish or abrogate any other right, remedy or penalty.

Enacted by Chapter 89, 1983 General Session